



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

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Tax-Deferred College Savings Plan Offered to 200,000 State Employees

SACRAMENTO -- In an ambitious effort to help more California families afford higher education for their children, 200,000 State workers are now being offered a new tax-deferred college savings investment program through automatic payroll deduction.

An informational insert from the Golden State ScholarShare College Savings Trust will be distributed June 30 with paychecks to State workers throughout California, along with a global message on all paychecks. It's the leading edge of a wider public information campaign planned for ScholarShare, the tax-deferred college savings program sponsored by the State of California.

ScholarShare is an IRS Code Section 529 plan. Contributions as low as \$25 are invested in professionally managed stock, bond and money market mutual funds and insurance contracts, and grow on both a federal and state tax-deferred basis until withdrawn to pay qualified higher education expenses, at which point the earnings are taxed at the beneficiary's (lower) rate. The funds are highly flexible and may be used at any eligible higher education institution in the U.S., including vocational and technical schools, and can be transferred between family members.

"Hundreds of companies throughout California are now offering payroll deduction for ScholarShare as an employee benefit," said State Treasurer Philip Angelides, Chairman of the ScholarShare Investment Board. "Now State employees can also take advantage of this new, low-cost way to save and invest for their children's college education. ScholarShare has enormous potential for families who want to do the best for their children, but worry whether they can save fast enough to keep pace with the rising costs of putting a daughter or son through college."

Unlike many other college savings vehicles, there are no income limits, and contribution limits are not capped until well past the \$100,000 mark – far higher than the Education or Roth IRAs. These types of plans have been featured in *Time*, *Newsweek*, *Money*, *USA Today* and many other publications as the best new way to save for college.

More than 12,000 Californians have opened ScholarShare accounts since the program began only eight months ago, and more than \$60 million in assets are under management. Account owners have a choice of four investment options: an Age-Based Asset Allocation Option, in which investments are made to a combination of stock, bond and money market mutual funds based on the age of the beneficiary; a 100% Equity Option, which includes domestic and international stock mutual funds; a 100% Social Choice Equity Option, which excludes companies which fail to meet certain socially responsible criteria; and a Guaranteed Option, which provides a minimum interest rate plus additional dividends. By using one or a combination of these investment options, account owners can customize their accounts according to their specific needs and investment style.

Contributions to ScholarShare accounts can be made by check, automatic funds transfer, or payroll deduction. While the minimum contribution level is \$25, it is only \$15 for those using payroll deduction.

Payroll deduction forms for both State employees and non-State employees can be downloaded from the Internet at www.scholarshare.com. State agencies and other employers can arrange for free, one-hour ScholarShare seminars for their employees by calling toll-free 1 877 SAV-4 EDU.

The State of California selected TIAA-CREF Tuition Financing, Inc., a wholly-owned subsidiary of TIAA-CREF, to professionally manage all of the ScholarShare investments. TIAA-CREF, a non-profit company renowned for its sound investment strategies and low fees, has been in business for more than 80 years and is one of the world's largest retirement systems, based on assets under management.

Opening an account is easy. ScholarShare accounts are offered through a Participation Agreement and a Disclosure Booklet that describes the program. For more information, call toll-free 1-877-SAV-4 EDU (1-877-728-4338), or visit the website at www.scholarshare.com.

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